

## **EXHIBIT K**



## **Federal Trade Commission Protecting America's Consumers**

For Release: June 15, 2004

### **Provisions of New Fair and Accurate Credit Transactions Act Will Help Reduce Identity Theft and Help Victims Recover: FTC**

The Federal Trade Commission today said that provisions of the recently enacted Fair and Accurate Credit Transactions Act will help reduce identity theft and help victims recover. In testimony to the House Ways and Means Committee's Subcommittee on Social Security, Howard Beales, Director of the FTC's Bureau of Consumer Protection, said that many of the provisions will go into effect over the course of this year.

The testimony says one of the newly enacted provisions requires the three major credit reporting agencies to provide consumers with a free copy of their own credit report every 12 months. The requirement will become effective in December but will be phased in over nine months from West to East. The reports allow consumers to discover and correct errors in their credit records and to assure that accounts have not been fraudulently opened in their names.

Another provision that will help prevent identity theft is the National Fraud Alert System. "Consumers who reasonably suspect they have been or may be victimized by identity theft, or who are military personnel on active duty away from home, can place an alert on their credit files. The alert will put potential creditors on notice that they must proceed with caution when granting credit," the testimony says. This provision will take effect December 1, 2004.

A provision of the law will require that account numbers on credit card receipts be shortened or "truncated" so that merchants, employees, or others who may have access to the receipts do not have access to consumers' names and full credit card numbers.

The testimony reports that the FTC is working with banking regulators to identify "red flag" indicators to help financial institutions and creditors analyze identity theft patterns so that they can take action to prevent further incidences of identity theft. The agencies also are working together to develop a rule that will require appropriate disposal of sensitive credit report information. "This requirement will help to ensure that sensitive consumer information, including Social Security numbers, is not simply left in a trash dumpster, for instance, once a business no longer needs the information," the testimony says.

Measures that will help consumers recover their credit reputations after they have been victims of identity theft include:

- A provision that will require credit reporting agencies to stop reporting allegedly fraudulent account information when a consumer establishes that he or she has been the victim of identity theft;
- A provision that requires creditors or businesses to provide copies of business records of fraudulent accounts or transactions related to them. "This information can assist victims in proving that they are, in fact, victims. For example, they may be better able to prove that the signature on the application is not their signature;" and,
- A provision that will allow consumers to report accounts affected by identity theft directly to creditors - in addition to credit reporting agencies - to prevent the spread of erroneous credit information.

"When fully implemented, these provisions should help to reduce the incidence of identity theft, and help victims recover when the problem does occur," the testimony says.

**The Commission vote to issue the testimony was 5-0.**

Copies of the testimony are available from the FTC's Web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint in English or Spanish (bilingual counselors are available to take complaints), or to get free information on any of 150 consumer topics, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at <http://www.ftc.gov>. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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**Related Documents:**

**Prepared Statement of the Federal Trade Commission On Identity Theft and Social Security Numbers,**  
Presented by J. Howard Beales, III, Director, Bureau of Consumer Protection, Before the Subcommittee On  
Social Security of the Committee On Ways and Means, United States House of Representatives (June 15,  
2004)

- Text of the Commission Testimony

**Consumer Information:**

- ID Theft